

GUIDE TO YOUR 2014 MBS COMPOSITE STATEMENT OF 1099 FORMS

As part of our ongoing commitment to providing you with the best possible service and support, it is our pleasure to provide you with your Raymond James 2014 MBS Composite Statement of 1099 forms, designed to assist you in your tax preparation.

While we hope you'll find the information in your MBS Composite Statement of 1099 forms and this guide valuable, please remember they are not a substitute for obtaining tax-filing advice from a tax advisor who understands your specific situation. We strongly advise you to speak with a tax advisor regarding appropriate filing.

This guide should not be used as tax advice; it is simply a reference tool. When preparing your tax return, if you should happen to find conflicting information appearing in the Internal Revenue Code, the Treasury regulations promulgated thereunder or other IRS publications, those authorities supersede anything you might find in this guide. Further, because the information we've provided here is general by nature, you should always follow the advice of your own tax advisor.

OVERVIEW

All reportable income to the IRS shown on this MBS Composite Statement of 1099 forms is in addition to any reportable income shown on the Composite 1099 Statement sent to you earlier.

The structure of the MBS Composite Statement of 1099 forms is largely the same as in prior years. This guide outlines areas of change and provides a review of how the statement is structured and which securities it covers.

FIRST PAGE SUMMARY SECTIONS

The first page of the statement contains account level summaries, not all of which will necessarily appear. If your account has only mortgage pools, then only Form 1099-INT will appear. For Real Estate Mortgage Investment Conduits (REMICs), Collateralized Mortgage Obligations (CMOs) and stripped Mortgage Backed Securities (MBS), the second two summaries will be printed. All three summaries will appear if asset types from each category are held in your account. Details of the three summaries are as follows:

FORM 1099-INT

The 1099-INT is an official form with the total interest income from mortgage pools. The income amount shown here is your reportable income from those investments. Additionally, there is a page of detail found later in the statement for each MBS pool that displays the income attributable to each record date.

SUMMARY OF INTEREST AND ORIGINAL ISSUE DISCOUNT

This section summarizes the reportable income for REMICs, CMOs and similar instruments. Unlike Form

1099-INT noted above, this summary is for reference only. The reportable amount for each security is found in the detail pages, each of which begins with a Form 1099-OID.

SUMMARY OF SUPPLEMENTAL INFORMATION (NOT REPORTED TO THE IRS)

This section summarizes information that may be useful to you, but is not reportable income. Much of the reportable income for REMICs is accrual based, which may differ, to varying degrees, from the distributions received by you. Additionally, the interest is sometimes Nonqualified Stated Interest (NQSI) which is treated as a return of previously accrued original issue discount (OID). Because reportable income often differs from cash received, you may find this summary to be a useful reference.

REMIC & WIDELY HELD FIXED INVESTMENT TRUST (WHFIT)

Individual page(s) with this heading will be produced for each holding of REMICs, CMOs, stripped MBS trusts or mortgage pools with OID. It will contain up to five sections, as follows:

ORIGINAL ISSUE DISCOUNT FORM 1099-OID

This section contains all reportable income (interest or OID) for the holding.

SUPPLEMENTAL SUMMARY OF INFORMATION (NOT REPORTED TO THE IRS)

This section includes the totals of cash interest paid or received for the given security. Amounts shown here roll into the account level summary on the first page titled, Summary of Supplemental Information (Not Reported to the IRS).

DETAILS OF INCOME AND PREMIUM ACCRUAL

This section provides you with accrual period detail and other information related to the investment. It also includes where possible, secondary market information such as bond premium, acquisition premium and market discount. This information is not provided to the IRS as these securities are not covered under the cost basis reporting regulations. The totals of interest and OID income in this grid are reflected in Form 1099-OID at the top of the page.

DETAILS OF INTEREST PAID AND RECEIVED

This section provides the most granular representation of the cash interest activity. It is shown at the transaction level, sorted by date. The transactions shown here are totaled in the Supplemental Summary of Information noted above, the amounts further roll up to the similarly named section of the statement level summary on the first page.

ASSET COMPOSITION

This section, required by REMIC regulations, is generally not needed by most investors.

WIDELY HELD FIXED INVESTMENT TRUST (WHFIT)

These pages cover mortgage pools. The information here is entirely supplemental to the reportable amounts summarized in Form 1099-INT found on the first page of the statement. There is a page for each mortgage pool. Three sections of information are found on these pages.

SUMMARY OF INTEREST INCOME

This section shows, for the given security, the amount of interest income, expense and net interest distribution. It is the interest income that rolls into Form 1099-INT summarization. The amount reported as income exceeds the cash distributions received by the amount of the trust's expenses.

SUMMARY OF PROCEEDS FROM BROKER AND BARTER EXCHANGE TRANSACTIONS

The information here is a reiteration of amounts reported on the composite Form 1099 produced earlier and does not contain any additional income or gains. It is included to provide a complete picture of the investment that has made monthly payments of both interest and principal.

TRANSACTION DETAILS

This is the additional written statement that provides the information by payment period. Note that the income is reported in the year of the distribution's record date. The totals of the payment periods are reflected in the two sections cited above and Form 1099-INT on the first page of the statement. Additionally, if there is an acquisition, the amount of interest paid will be included in the interest column and its total. However, this amount is not netted from the reported interest income. Each investor must determine whether he or she is entitled to make an adjustment for this amount on his or her tax return.

QUESTIONS

If you have any suggestions, questions or comments in regard to this guide or your tax forms, please contact your financial advisor at the telephone number on the cover page of your form or our Client Services department at 800.647.7378.

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